Getting to the root of the matter.

Agri-Growth President, Daryn McBeth, Takes New Role with Land O’Lakes, Inc.

Last month Agri-Growth staff, board of directors, and members wished Daryn McBeth well as he transitioned from Agri-Growth President to Director of State Affairs and Industry Relations at Land O’Lakes, Inc. Daryn worked at Agri-Growth for nearly ten years and led numerous efforts to promote and protect Minnesota’s food and agriculture industry. Daryn spearheaded the completion of two industry-benchmarking studies; organized the unique AgNite gala event, hosting over 5,000 attendees during the Republican National Convention; and fostered strong relationships with the State Legislature, agri-business companies, producers, the University of Minnesota, and the Minnesota Department of Agriculture. “He will be sorely missed by members and staff alike,” said Kristin Weeks Duncanson, Agri-Growth Chair. “We are happy for Daryn as he embarks on this new chapter and he has certainly found an exciting fit at Land O’Lakes. We wish him the very best in his future endeavors and look forward to working with him in his new role.” Agri-Growth is now in the process of filling the executive director role.

Seed Rivals Shake Hands

DuPont and Monsanto agree to license next-gen soybean technology, drop lawsuits.

By Lucas Sjostrom, Contributing Editor

Give soybean seeds about 36 hours in a moist environment to germinate. If they haven’t done anything in that time, you can probably conclude they’re duds. Unless, of course, those soybeans are in a legal environment – if that’s the case, you may want to wait a while longer.

On March 26 of this year, an agreement was struck for a series of technology licensing agreements that will expand the range of seed products they can offer farmers. The agreements include a multi-year, royalty-bearing license for Monsanto’s next-generation soybean technologies in the United States and Canada. The companies also agreed to dismiss their respective antitrust and first-generation Roundup Ready® soybean patent lawsuits. Before the announcement, the legal battle kept the companies, and farmers, in a virtual four-year limbo to try to figure out what would happen to the distribution of some glyphosate-resistant traits in the future.

A 2002 contract between DuPont Pioneer and Monsanto is the source of the dispute. Essentially, that contract allowed DuPont Pioneer access to Monsanto’s Roundup Ready gene. But when DuPont Pioneer created a seed technology called Optimum GAT, which paired Monsanto’s glyphosate-resistant gene with one of their own in a single seed, Monsanto sued for patent infringement.

DuPont Pioneer then sued Monsanto, in the same St. Louis federal courthouse, for anticompetitive practices. That was in 2009.

Last year, the court sided with Monsanto in their patent-infringement case. It also ordered DuPont Pioneer to pay $1 billion in royalty fees to develop products with Monsanto’s genetic crop seed technology, reported Investor’s Business Daily.

The new agreement nullified that order, instead allowing DuPont to license Monsanto genetic technologies through 2023 for at least $1.75 billion, depending on units sold. DuPont also dropped the pending anticompetitive practices suit.

According to a joint statement of the companies, DuPont Pioneer will be able to offer Genuity® Roundup Ready 2 Yield® soybeans as early as 2014, and Genuity® Roundup Ready 2 Xtend™ glyphosate and dicamba tolerant soybeans as early as 2015, pending regulatory approvals.

The release also revealed that “DuPont Pioneer also will receive regulatory data rights for the soybean and corn traits previously licensed from Monsanto, enabling it to create a wide array of stacked trait combinations using traits or genetics from DuPont Pioneer or others. Monsanto will receive access to certain DuPont Pioneer disease resistance and corn defoliation patents.”

HIGH-FIVES ALL AROUND

So who wins? Seemingly everybody did.

Both companies’ investors were especially happy to see them drop the lawsuits. DuPont’s stock (NYSE: DD) rose from $48.97 on March 26 to $53.37 on May 1, nearly a 9 percent gain. Monsanto

Continued on Page 3

In this issue:
• Agri-Growth President Takes New Role with Land O’Lakes
• Seed Rivals Shake Hands
• Member in Focus: Ralco Nutrition, Inc.
• Save the Date: Agri-Growth Golf Tournament and Legislative Wrap Up
Ralco is a 40+ year old, third-generation family business with global distribution. In 1971 Bob Galbraith mortgaged his furniture and used his garage as a warehouse when he founded the company. During the past four decades Ralco has developed into a multinational company with distribution in more than 20 countries.

Eight years ago, when Jon and Brian Knochenmus took full ownership of Ralco, the company had 23 employees. Today 140 employees – including a technical staff of 18 with PhDs or master level degrees – support products and technologies that promote livestock and poultry production, crop production, and aquaculture.

Ralco has experienced rapid growth both domestically and internationally. Ralco’s headquarters is in Marshall, MN with offices in Ecuador, Thailand, and the Netherlands. Exports account for 15% of overall sales.

Q & A with Jon Knochenmus, President:

What are the core beliefs at Ralco?
At Ralco our mission is to steward our God-given gifts to perfect technologies that enhance the vitality of plants and animals for a safe and abundant global food supply. That begins with the right people. Since my son Brian and I bought the company, we have invested in industry leaders at technical, sales and support roles. We wouldn’t have been able to grow without the right people.

The team at Ralco has developed exclusive technologies that improve the performance and efficiency of plants and animals. Those technologies come to life in products that enhance the profitability of our customers. However, it’s not all about profit. Ralco is driven by a few core values: We serve others and help them succeed, we believe in hard work and a commitment to family, we treat others with dignity and respect, and we do what is right.

What is new at Ralco?
We deal with growth every day; whether it’s introducing new products or increasing distribution of our technologies in places like Asia and Latin America. Change is a constant at Ralco. Recently we added an additional brand, AgNition, which has allowed us to extend our technologies into crop production.

Also, since perfecting our technologies is essential, we invest heavily in research. This year Ralco is constructing additional warehousing and manufacturing facilities, building nursery and finishing swine research barns, and a large scale greenhouse for agronomy research. The investments benefit our customers and rural communities in southwest Minnesota. Some of our most recent large investments are in the community of Balaton, MN, a town of less than 700 people.

What are the key trends affecting your industry?
Meeting the challenge of feeding a growing global population is an overarching trend that affects everything from water usage to food safety. Ralco is a technology-driven company with scientists in different disciplines to help increase food production and meet global demand. This is a moral obligation. We are all concerned with the future of our children and grandchildren, and food will always be the number one basic staple.

Food safety is a worldwide concern and trend with lasting impact. The Food Safety Modernization Act (FSMA) has far reaching consequences and is here to stay. It centers around traceability from dirt to the dinner plate. This led Ralco to become HACCP certified more than three years ago and in turn started Ag Solutions, a brand that helps large and small companies in the agriculture industry to develop HACCP plans and comply with FSMA.

Also, ethanol production has had an enormous impact on feed costs and the livestock industry. Higher grain costs have made profitable livestock production difficult. On the other side of our business, elevated grain prices are beneficial for our agronomy brand.

What are your legislative priorities?
Minnesota has many great assets, but the business climate is becoming less favorable to growth and development. Minnesota must become more competitive in regards to regulation and taxes. We are competing with neighboring states that have advantages over Minnesota when it comes to regulation, income tax and workers’ compensation. If we were going to start Ralco today, we would have to consider the advantages those other states provide. Taxes and fees are now competing with our ability to invest, grow and add jobs in Minnesota.
DuPont Pioneer also sees the opportunity for the farmer. Jennifer Goldston, a senior manager of global public affairs with the company, said, “These new product choices will help farmers to increase their productivity and profitability. The technology licensing agreements allow DuPont Pioneer greater flexibility to develop genetics and traits that bring real solutions to the farmer and accelerate the speed we are able to bring these products to market.”

FARMERS, RESEARCHERS SEE LEVEL FIELD
Farmers will be pleased to be able to have the same traits available across brands. But University of Minnesota soybean agronomist, Seth Naeve, warns that the glyphosate-resistance genes may get a little more attention today than they really deserve. To him, it’s the varieties that really matter.

“We’ve all given these traits too much credit for yield enhancement and varietal improvement,” he explained. “In soybeans these are just defensive traits that allow them to withstand Roundup. They’re not improving our yields at all.”

Naeve spends about half of his efforts working on soybean quality issues like protein oil, amino acids, fatty acids and related issues. The other half of his time is spent on improving yields. Because he does applied research in St. Paul, the University’s many outreach centers, and even in commercial fields, the distribution of technologies does make instruction easier for comparing apples-to-apples, or in this case variety-to-variety. “From an education standpoint, it’s easier for me to communicate these differences if they’re the same trait so farmers aren’t asking about Roundup 1 versus Roundup 2,” he said.

While he does worry about the long-term effects of mergers, agreements, and acquisitions in seed technology, as far as this agreement goes, Seth reminds us again that it all goes back to the soybean’s genetic basics in terms of what affects yield the most. “The most important part for farmers is maintaining the diversity of the base germplasm varieties.”
You’re Invited: Agri-Growth Legislative Wrap Up on June 5

With the conclusion of the 2013 Minnesota Legislative Session, join fellow food and agricultural industry stakeholders at the St. Paul Hotel on June 5 for the Agri-Growth Legislative Wrap Up. Find out what legislation passed and what didn’t, as well as what to expect for the 2014 session. Whether it’s agriculture, the budget, environment or taxes – everything is fair game for discussion. This is your chance to hear what really happened during the Legislative Session! Register to attend at legwrapup2013.eventbrite.com.

WHO:
Senator Dan Sparks
Minnesota DNR Commissioner Tom Landwehr
Blois Olson, Fluence Media

Note: All speakers have confirmed, but are subject to change.

WHEN:
Wednesday, June 5th
11:30 a.m. - 1:45 p.m.

WHERE:
Saint Paul Hotel
350 Market Street
St. Paul, MN 55102

REGISTRATION COSTS:
Member: $40
Nonmember: $50

Three hours of free parking is available with validation in the Lawson Ramp.